

Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 SAM-01 SAJ-01 SP-03 AID-20 EB-11

NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 COME-00 IO-14 L-03 FRB-02 XMB-07 CIAE-00

INR-10 NSAE-00 PRS-01 PA-04 USIA-15 DRC-01 /170 W

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R 071000Z JUN 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 9776

INFO AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMCONSUL OPORTO

C O N F I D E N T I A L LISBON 2337

E.O. 11652: GDS

TAGS: EFIN PO

SUBJ: PROVISIONAL GOP SEEKS ASSISTANCE FROM WORLD BANK

REF: LISBON 2336 (NOTAL)

SUMMARY: AS PART OF PORTUGAL'S CAMPAIGN TO IMPROVE ITS IMAGE INTERNATIONALLY, BANK OF PORTUGAL VICE GOVERNOR PROF. MANUEL JACINTO NUNES, WILL CALL ON WORLD BANK PRESIDENT MCNAMARA SOME TIME DURING THE PERIOD JUNE 12-14. PROF. NUNES EXPLAINED TO ME HIS MISSION AND EMPHASIZED THAT GOP'S INTEREST IN WORLD BANK COOPERATION WAS MORE A POLITICAL GOAL THAN A FINANCIAL ONE. THE VICE GOVERNOR EXPRESSED HIS HOPE THAT THE USG WOULD BE HELPFUL TO PORTUGAL IN SUPPORTING THIS APPROACH TO MR. MCNAMARA AND THE WORLD BANK. END SUMMARY.

1. AT HIS REQUEST, I MET WITH PROF. MANUEL JACINTO NUNES, VICE GOVERNOR OF THE BANK OF PORTUGAL (CENTRAL BANK) AND ITS SENIOR OFFICER, TO DISCUSS HIS VISIT NEXT
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WEEK TO ATTEND THE GROUP OF TWENTY MEETING IN

WASHINGTON. PROF. NUNES SAID THAT HE HAD REQUESTED THROUGH THE PORTUGUESE EMBASSY IN WASHINGTON AN APPOINTMENT WITH WORLD BANK PRESIDENT MCNAMARA. PROF. NUNES EXPLAINED THAT GOP UNDERSTOOD PERFECTLY THE WORLD BANK'S RELUCTANCE TO PROVIDE FINANCIAL ASSISTANCE TO PORTUGAL UNDER CAETANO REGIME, BUT NOW PROVISIONAL GOP HOPES FOR WORLD BANK COOPERATION TO DEMONSTRATE THAT IT IS WORTHY OF RESPECTABILITY AND ACCEPTANCE BY WEST.

2. PROF. NUNES EMPHASIZED THAT PORTUGAL HAS ACCESS TO FINANCIAL ASSISTANCE FROM MANY US AND EUROPEAN COMMERCIAL BANKS. THUS, THERE IS NO PRESSING NEED FOR FINANCIAL ASSISTANCE FROM WORLD BANK. PORTUGAL'S REAL NEED IS TO REMOVE TAINT OF OLD REGIME WHICH POISONED RELATIONS WITH PRESTIGIOUS INTERNATIONAL INSTITUTIONS SUCH AS WORLD BANK. THE VICE GOVERNOR ADDED THAT CLOSE ECONOMIC AND FINANCIAL TIES WITH THE US AND WESTERN EUROPE WERE ESSENTIAL TO PROVISIONAL GOP IN ITS EFFORTS TO BRING ABOUT ECONOMIC GROWTH IN PORTUGAL. WITHIN THE GOP'S COALITION CABINET, THE POLITICAL CENTER HAS TAKEN RESPONSIBILITY FOR ECONOMIC STABILITY. PROF. NUNES EXPRESSED FEAR THAT ECONOMIC FAILURE WOULD SIGNAL VICTORY FOR COMMUNISTS IN ELECTIONS NEXT YEAR AND BRING END TO PORTUGAL'S TRADITIONAL TIES WITH WEST.

3. I ASSURED PROF. NUNES THAT THE USG IS FAVORABLE TO PORTUGAL'S NEW POLITICAL OBJECTIVES AND HE COULD COUNT ON WHATEVER SUPPORT WE MIGHT BE ABLE TO OFFER IN THE WORLD BANK. I ADDED, HOWEVER, THAT THERE WERE LIMITATIONS TO OUR INFLUENCE IN THESE INTERNATIONAL ORGANIZATIONS. AS PER REFTTEL, I ALSO ENCOURAGED PROF. NUNES TO CALL ON EXIM BANK CHAIRMAN CASEY IN CONNECTION WITH HIS WASHINGTON VISIT.

4. TO WHATEVER EXTENT POSSIBLE, I WOULD APPRECIATE THE DEPARTMENT'S ASSISTANCE IN BRINGING MR. MCNAMARA UP TO DATE ON RECENT DEVELOPMENTS HERE AND URGE HIM TO GIVE PROF. NUNES A FULL HEARING RE GOP'S QUEST
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FOR RESPECTABILITY. PLEASE INFORM ME OF ANY REACTION FROM WORLD BANK.
SCOTT

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